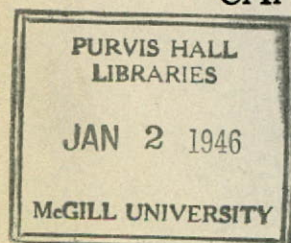


THIRTY-NINTH ANNUAL REPORT

DECEMBER 31st, 1942



CANADIAN WESTINGHOUSE COMPANY, LIMITED
HAMILTON - - CANADA



CANADIAN WESTINGHOUSE COMPANY, LIMITED

THIRTY-NINTH ANNUAL REPORT

DECEMBER 31st, 1942

The Board of Directors submits herewith the Balance Sheet of the Company as at 31st December, 1942, and the related statements of Profit and Loss and Earned Surplus Accounts for the year ended that date, together with the auditors' report thereon.

The net profit for the year, after providing for all taxes on profits, including the refundable portion of Excess Profits which has been transferred to the general reserve for post-war rehabilitation, and a further contribution of \$100,000 to the Employees' Pension Trust Fund, was \$1,537,720.01, which is equivalent to \$2.82 per share. From this sum, dividends of \$1,092,000.00 were paid at the rate of \$2.00 per share, leaving a net balance carried forward to Earned Surplus Account of \$445,720.01.

Total orders received and sales billed in 1942 showed a substantial increase over 1941, and for the second consecutive year set a new peak in the Company's activities since its inception. In addition, the backlog of unfilled orders carried forward to 1943 was also the highest in the Company's history.

While the demand for and the manufacture of Electrical Apparatus for ultimate essential war uses continued unabated throughout the year, the increased volume is largely attributable to the coming into production of a number of special war products which heretofore have only been in the tooling-up or pilot stage. It is anticipated that the volume of these deliveries will continue to accelerate during the coming year. This increased activity in war production has offset the loss in volume due to the suspension of household merchandise lines and the curtailment of many civilian outlets for electrical products necessitated by war restrictions.

Sales in the Air Brake Department were less than for the preceding year, but there was a large carry-over of business from 1941, and this department is endeavouring, with some difficulty, to meet the large demand for both new equipment and renewal parts brought about by the present abnormal volume of traffic. The material produced by this department is vital for the operation of our railways.

In looking forward to our business in 1943 we must anticipate further reductions in sales outlets for many of our regular products. The tooling-up stage for Canadian war industries is now practically complete and it is the desire of the Government to restrict, as far as possible, any further expansion in plant activities except in the most necessary cases. This trend will undoubtedly result during the coming year in a substantial reduction in the sales of our normal products.

Furthermore, we cannot be assured of the continuance in production of all lines of special war products which we are now manufacturing. The demands for naval and military purposes must constantly be adjusted to the trend of the war. Certain products considered essential for defence in 1941 and 1942 might already have been produced in sufficient volume for such purposes. The requirements of 1943 may be for offensive weapons which would necessitate curtailment of production in certain lines and increases in others. We cannot foresee at the present time what the full impact of these factors and the reduced volume of available electrical business will have on our activities in the coming year.

During the year, the man-power situation in our factories has become acute through the voluntary enlistment in the Armed Forces of many of our workers, and the drafting for military service of others, and the great difficulty in replacing them with other people suitably skilled and trained. In fact, we have been compelled to take in many people totally unskilled and teach them to perform the various operations to which they have been allotted. That we have been able to break all our former production records, in spite of these difficulties, speaks volumes for the faithful performance of their duties, both of our experienced workers, and of those who have more recently joined the Company.

Your Board also feels that a word of commendation is due our executive, supervisory and clerical forces for their accomplishments in the face of the many difficulties that confronted them during the year.

By Order of the Board,

PAUL J. MYLER, Chairman;

JOHN R. READ, President.

Hamilton, Canada

February 24th, 1942.

CANADIAN WESTINGHOUSE COMPANY, LIMITED
(INCORPORATED UNDER THE DOMINION COMPANIES ACT)

BALANCE SHEET

AS AT 31ST DECEMBER, 1942

ASSETS

CURRENT ASSETS:

CASH ON HAND AND IN BANKS - - - - -	\$ 2,769,280.41
INVESTMENT IN GOVERNMENT BONDS AND OTHER MARKET- ABLE SECURITIES, AT BOOK VALUE - - - - - (QUOTED MARKET VALUE \$4,885,900.00)	4,801,765.75
ACCOUNTS RECEIVABLE LESS RESERVE - - - - -	3,000,524.59
INVENTORIES AS DETERMINED AND CERTIFIED BY THE MAN- AGEMENT AND PRICED AT THE LOWER OF COST OR MARKET - - - - -	10,750,754.39
NOTE: CERTAIN INVENTORIES OF WAR MATERIALS WERE NOT CON- FIRMED BY PHYSICAL COUNT AND ARE PRICED AT BOOK VALUE OF \$2,203,432.	\$21,322,325.14

INVESTMENT IN AND ADVANCES TO HAMILTON MUNITIONS LIMITED 191,151.10

PROPERTY AND PLANT:

REAL ESTATE, BUILDINGS, MACHINERY, TOOLS AND EQUIP- MENT AND MAIN OFFICE AND DISTRICT OFFICE PROPER- TIES—AT COST LESS DEPRECIATION - - - - -	5,617,713.16
PREPAID INSURANCE AND DEFERRED CHARGES - - - - -	157,256.07
POST-WAR REFUND UNDER THE EXCESS PROFITS TAX ACT - - -	475,000.00
PATENTS, RIGHTS AND LICENSES - - - - -	1.00
	<u>\$27,763,446.47</u>

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED CHARGES - - - - -	\$ 1,640,275.45
PROVISION FOR SERVICE GUARANTEES - - - - -	200,000.00
ADVANCE PAYMENTS RECEIVED ON CONTRACTS - - - - -	4,907,643.79
RESERVE FOR TAXES ON INCOME - - - - -	3,480,345.94

GENERAL RESERVE - - - - - \$10,228,265.18
1,125,000.00

CAPITAL STOCK:

AUTHORIZED — 900,000 SHARES OF NO PAR VALUE - -		
ISSUED — 546,000 SHARES OF NO PAR VALUE - -	\$9,100,000.00	
EARNED SURPLUS - - - - -	7,310,181.29	16,410,181.29
		<u>\$27,763,446.47</u>

FOR THE DIRECTORS:

PAUL J. MYLER,
JOHN R. READ.

CANADIAN WESTINGHOUSE COMPANY, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1942

NET EARNINGS FROM OPERATIONS AFTER PROVISION FOR DEPRECIATION - - - - -		\$ 6,271,744.80
INCOME FROM INVESTMENTS - - - - -		120,975.21
		<u>\$ 6,392,720.01</u>
DEDUCT:		
CONTRIBUTION TO EMPLOYEES' PENSION TRUST FUND - -	\$ 100,000.00	
PROVISION FOR TAXES ON INCOME, INCLUDING REFUNDABLE PORTION OF EXCESS PROFITS OF \$475,000 TRANSFERRED TO GENERAL RESERVE FOR POST-WAR REHABILITATION - - - - -	4,755,000.00	4,855,000.00
NET PROFIT FOR YEAR - - - - -		<u>\$ 1,537,720.01</u>
NOTE: INCLUDED IN THE EXPENDITURES FOR THE YEAR ARE:		
PROVISION FOR DEPRECIATION - - - - -	\$1,472,061	
DIRECTORS' FEES - - - - -	23,000	
EXECUTIVES' REMUNERATION AND LEGAL FEES - - - - -	130,180	

GENERAL RESERVE

BALANCE AT 31ST DECEMBER, 1941 - - - - -	\$ 650,000.00
PROVISION FOR POST-WAR REHABILITATION REPRESENTED BY REFUNDABLE PORTION OF EXCESS PROFITS - - - - -	475,000.00
BALANCE AT 31ST DECEMBER, 1942 - - - - -	<u>\$ 1,125,000.00</u>

EARNED SURPLUS ACCOUNT

BALANCE AT 31ST DECEMBER, 1941 - - - - -		\$ 6,864,461.28
ADD NET PROFIT FOR YEAR - - - - -	\$ 1,537,720.01	
LESS DIVIDENDS PAID - - - - -	1,092,000.00	445,720.01
BALANCE AT 31ST DECEMBER, 1942 - - - - -		<u>\$ 7,310,181.29</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the accompanying Balance Sheet of Canadian Westinghouse Company Limited as at 31st December, 1942, and of the statements of profit and loss and surplus for the year ending on that date. In connection therewith we made a test audit of the accounting records of the company and obtained all the information and explanations we required from its officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of all the transactions.

It was impracticable to confirm certain inventories of war materials by physical count and these are priced at book values of \$2,203,432. These book values are based on the value of such inventories at 31st December, 1941, increased by the additions in the year 1942, less the estimated cost of sales for the year according to the records of the company.

Subject to the foregoing we report that in our opinion, based upon such examination, the accompanying balance sheet and related statements of profit and loss and surplus have been drawn up so as to exhibit a true and correct view of the state of the Company's affairs at 31st December, 1942, and of the results of its operations for the year, according to the best of our information and the explanations given us and as shown by the books.

In accordance with Section 114 of the Dominion Companies Act we report that the profits for the year of Hamilton Munitions Limited, a wholly owned subsidiary, have not been included in the attached accounts.

CLARKSON, GORDON, DILWORTH AND NASH,
Chartered Accountants.

Hamilton, Canada
15th February, 1943.

BOARD OF DIRECTORS

PAUL J. MYLER, CHAIRMAN

GEO. A. BLACKMORE	S. C. McCONAHEY
N. S. BRADEN	F. A. MERRICK
GEO. H. BUCHER	JOHN R. READ
SIDNEY G. DOWN	A. W. ROBERTSON
ROSCOE SEYBOLD	

EXECUTIVE COMMITTEE

GEO. A. BLACKMORE	PAUL J. MYLER
F. A. MERRICK	JOHN R. READ
S. C. McCONAHEY	A. W. ROBERTSON

OFFICERS

PAUL J. MYLER, CHAIRMAN	H. A. COOCH, VICE PRESIDENT
N. S. BRADEN, VICE CHAIRMAN	C. H. MITCHELL, VICE PRESIDENT AND MANAGER OF WORKS
JOHN R. READ, PRESIDENT	E. M. COLES, VICE PRESIDENT
F. A. MERRICK, VICE PRESIDENT	C. N. SALVISBURG, TREASURER
W. E. SPRAGUE, VICE PRESIDENT AND SECRETARY	JOHN S. MARTIN, COMPTROLLER

EXECUTIVE OFFICES - HAMILTON, CANADA

CANADIAN WESTINGHOUSE COMPANY, LIMITED

PRINCIPAL OFFICE AND WORKS, HAMILTON, ONTARIO

SALES OFFICES

MONTREAL, QUE.

HALIFAX, N. S.

WINNIPEG, MAN.

VANCOUVER, B. C.

TRAIL, B. C.

TORONTO, ONT.

OTTAWA, ONT.

LONDON, ONT.

SWASTIKA, ONT.

FORT WILLIAM, ONT.

CALGARY, ALTA.

EDMONTON, ALTA.

REGINA, SASK.

SASKATOON, SASK.